Krungthai Card (KTC TB)

Announcing 2027 Financial Targets With A Cautious Outlook

Highlights

- More optimistic on credit card spending in 2027.
- Maintain BUY with a target price of Bt50.00.

Analysis

- **A slightly positive tone during analyst meeting.** We came away from Krungthai Card's (KTC) analyst meeting with a slightly positive view.
- **Announced 2027 financial targets.** Management announced its 2027 financial targets, which are similar to those of 2026, except for credit card spending, which is targeted to grow 8-10% in 2027 (vs 5% in 2026). KTC set the following 2027 targets: a) net profit to grow yoy, b) loan growth of 1-2% yoy, c) credit card spending growth of 8-10% yoy, d) NPL ratio of less than 2%, and e) personal loan growth of 1-2% yoy. Meanwhile, the company guided that credit costs should be around 5% in 2027.
- **More optimistic on credit card spending in 2027.** Management is confident that credit card spending will achieve the 2026 target of 5% yoy, as actual credit card spending was higher than 5% in Oct 26, and the company expects growth of 8% in 4Q26. Meanwhile, KTC set a credit card spending growth target of 8-10% yoy in 2027, focusing on: a) higher-income segments to increase spending per transaction; b) Gen Z customers, aiming to become their first credit card and build customer loyalty; and c) high-value customers, focusing on customer lifetime value (CLV) to incentivise credit card spending.
- **Waiting for insurance brokerage licence.** According to the insurance brokerage business, KTC is waiting for regulatory approval to commence online operations. Currently, the company is planning and has started selling insurance offline. After obtaining the insurance brokerage licence, the company will sell insurance online as an agent and earn commission fees. Management guided that the online platform will better serve customers and suit their lifestyles.
- **Controllable expenses on IT system.** The company implemented its new core IT system in Jul 26 and has been gradually recognising the expenses. In 9M26, the cost-to-income ratio was 35%, and the company expects it to increase slightly for the full year of 2026. Meanwhile, management expects the cost-to-income ratio to remain around 36-37% in 2027. Although there are still new IT projects to be implemented, the company expects the cost-to-income ratio to be higher than 37%, but not to exceed 38%.

Key Financials

Year to 31 Dec (Btm)	2024	2025	2026F	2027F	2028F
Net interest income	14,381.9	14,559.9	14,878.8	15,301.5	15,684.7
Non-Interest Income	11,267.4	11,441.5	11,675.0	13,252.0	14,735.2
Net profit (rep./act.)	7,437.2	7,781.6	8,714.8	8,966.9	9,341.4
Net profit (adj.)	7,437.2	7,781.6	8,714.8	8,966.9	9,341.4
EPS (Bt)	2.9	3.0	3.4	3.5	3.6
PE (x)	12.3	11.8	10.5	10.2	9.8
P/B (x)	2.3	2.1	1.9	1.8	1.6
Dividend yield (%)	2.6	6.7	5.5	5.9	6.1
Net int margin (%)	13.0	13.2	13.3	13.4	13.4
Cost/income Ratio (%)	37.5	37.1	37.0	37.0	36.8
Loan loss cover (%)	369.3	425.0	420.0	440.0	465.0
Consensus net profit	n.a	n.a	8,479.9	8,784.1	9,139.6
UOBKH/Consensus (x)	n.a	n.a	1.0	1.0	1.0

Source: Krungthai Card, Bloomberg, UOB Kay Hian

Analyst(s)

Thanawat Thangchadakorn
thanawat@uobkh.co.th
+662 090 3360

BUY (Maintained)

Share Price	Bt36.00
Target Price	Bt50.00
Upside	38.9%

Stock Data

Sector	Financials
Bloomberg ticker	KTC TB
Shares issued (m)	2,578.3
Market cap (Btm)	95,398.4
Market cap (US$m)	2,865.7
3-mth avg daily t'over (US$m)	23.8

Price Performance (%)

52-week high/low				Bt40.5/Bt24.8
1mth	3mth	6mth	1yr	YTD
(1.3)	20.3	27.6	21.3	41.0

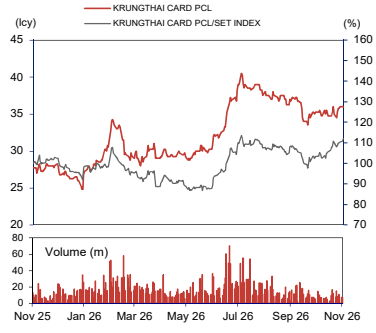
Major Shareholders (%)

Krungthai Bank (KTB)	49.29
Thai NVDR	8.72
Mongkol Prakitchaiwattana	3.53

Balance Sheet Metrics

FY26 NAV/Share (Bt)	18.7
FY26 Net Debt/Share (Bt)	n.a

Price Chart



Source: Bloomberg

Company Description

The company provides unsecured financial products, credit card products and services, and personal loans to consumers in Thailand.

- **Merging is in progress.** KTC announced the disposal of its shares in Win Performance (WIN) and KTB Leasing (KTBL), its subsidiaries, to Krungthai Alliance Holding (KTAH), a subsidiary of Krungthai Bank (KTB), on 30 Oct 26. As a result, WIN and KTBL will be merged into a new company, with the merger expected to be completed within the next two quarters. KTC will record a gain of around Bt22m from the sale of WIN to KTAH in 4Q26. Meanwhile, there will be no gain from the sale of KTBL due to its accumulated losses. Management guided that KTBL's contribution will no longer be reflected in KTC's consolidated balance sheet in 4Q26, while the accounting treatment in the income statement is still under consultation with the auditor.
- **Credit cost and NPL ratio should decrease in 4Q26.** In 9M26, credit costs were reported at 5.1%, declining yoy from 5.7% in 9M25. Management remains cautious about its lending policy and guided that loan portfolio growth should be around 1% in 2026. KTC guided that credit costs should be around 5% in 2027. We should see lower credit costs and an NPL ratio following the removal of KTB Leasing from KTC's consolidated balance sheet.

3Q26 Results Recap

Year to 31 Dec (Btm)	3Q26	2Q26	3Q25	qoq%	yoy%
Total gross loans	106,903	107,010	106,206	(0.1)	0.7
Net interest income	3,788	3,674	3,676	3.1	3.1
Non-interest income	2,774	2,797	2,807	(0.8)	(1.2)
Loan loss provision	(1,457)	(1,310)	(1,445)	11.2	0.9
Non-Interest expenses	(2,445)	(2,367)	(2,475)	3.3	(1.2)
Pre-provision operating profit	4,119	4,105	4,008	0.3	2.8
Net income	2,125	2,225	1,951	(4.5)	8.9
EPS (Bt)	0.82	0.86	0.76	(4.5)	8.9
Ratio (%)					
NPL Ratio (%)	1.92	1.86	1.8		
Loan loss coverage ratio (%)	413	426	426		
Net interest margin (NIM %)	14.2	13.7	13.8		
Reported Credit cost (bp)	540	490	544		
Reported Cost to income (%)	35.3	34.6	35.8		

Source: Krungthai Card, UOB Kay Hian

Valuation/Recommendation

- **Maintain BUY with a target price of Bt50.00,** based on the Gordon Growth Model (cost of equity: 11.5%, long-term growth: 3%). This implies 2.5x 2027F P/B, which is -0.5SD to its historical five-year mean.

Earnings Revision/Risk

- No earnings revision.

Share Price Catalyst

- An increase in the dividend payout ratio.

Environment, Social, Governance (ESG) Updates

CG Report: 5
SET ESG Rating: AAA

Environmental

- The company offers a 0% interest instalment plan for solar rooftops.
- The company offers special privileges for electric vehicle bookings and wall boxes.

Social

- Education loans. KTC aims to provide equal educational opportunities to individuals who aspire to further their education but lack the necessary funds.

Governance

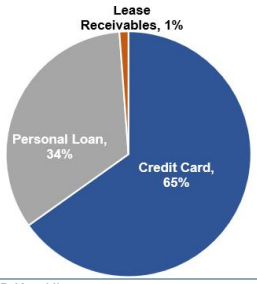
- The company has established the Business Ethic Manual, which is reviewed annually, to set up a framework for employees to follow.

2026 Financial Targets

	9M26 Actual	2026 Targets	2025 Actual
Net Profit	Bt6.5b	> Bt7.78b	Bt7.78b
Loan Growth	0.8%	1-2%	0.4%
Credit Card Spending	4.7%	5%	3.6%
Personal Loan	1.9%	2%	1.4%
P BERM Car for Cash (New Booking)	N/A	N/A	Bt2.3b
NPL ratio	1.92%	<= 2.0%	1.79%

Source: KTC, UOB Kay Hian

Loan Portfolio (3Q26)



Source: KTC, UOB Kay Hian

PE Band



Source: Bloomberg, UOB Kay Hian

P/B Band



Source: Bloomberg, UOB Kay Hian

Profit & Loss

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Interest income	16,254	16,310	16,646	16,984
Interest expense	(1,694)	(1,431)	(1,345)	(1,300)
Net interest income/(expense)	14,560	14,879	15,301	15,685
Fees & Commissions	6,513	6,857	7,820	8,994
Income From Insurance	0	0	0	0
Net Trading Income	0	0	0	0
Other Income	4,929	4,818	5,432	5,742
Non-Interest Income	11,441	11,675	13,252	14,735
Total Income	26,001	26,554	28,553	30,420
Staff Costs	(9,404)	(9,573)	(10,325)	(10,958)
Other Operating Expense	(235)	(242)	(247)	(252)
Pre-Provision Profit	16,363	16,739	17,982	19,211
Loan Loss Provision	(5,906)	(5,818)	(6,761)	(7,521)
Other Provisions	0	0	0	0
Associated Companies	0	0	0	0
Other Non-Operating Income	0	0	0	0
Pre-tax profit	**10,456**	**10,921**	**11,221**	**11,690**
Tax	(2,897)	(2,191)	(2,244)	(2,338)
Minorities	222	(16)	(10)	(10)
Net profit	**7,782**	**8,715**	**8,967**	**9,341**
Net profit (adj.)	7,782	8,715	8,967	9,341

Balance Sheet

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Cash With Central Bank	3,471	4,327	4,425	4,529
Govt Treasury Bills & Securities	0	0	0	0
Interbank Loans	0	0	0	0
Customer Loans	102,628	105,409	107,885	109,906
Investment Securities	0	0	0	0
Derivative Receivables	0	0	0	0
Associates & JVs	0	0	0	0
Properties & Other Fixed Assets	367	350	266	252
Goodwill & Intangible Assets	380	623	623	623
Other Assets	3,678	3,638	3,712	3,791
Insurance Fund Investment Assets	0	0	0	0
Total assets	**110,524**	**114,347**	**116,912**	**119,102**
Interbank Deposits	0	0	0	0
Customer Deposits	0	0	0	0
Bills Payable	21,300	21,051	18,679	15,854
Derivative Payables	0	0	0	0
Debts Securities Issued	0	0	0	0
Subordinated Debts	35,612	36,227	37,050	37,923
Other Liabilities	9,593	8,888	9,048	9,232
Insurance Fund Liabilities	0	0	0	0
Total liabilities	66,505	66,166	64,777	63,008
Shareholders' funds	44,151	48,303	52,267	56,236
Minority interest	(133)	(122)	(132)	(142)
Total Equity & Liabilities	110,524	114,347	116,912	119,102

Operating Ratios

Year to 31 Dec (Btm)	2025	2026F	2027F	2028F
Capital Adequacy				
Total Assets/Equity	2	2	2	2
Tangible Assets/Tangible Common Equity	3	2	2	2
Asset Quality				
NPL Ratio	2	2	2	2
Loan Loss Coverage	425	420	440	465
Loan Loss Reserve/Gross Loans	5	5	6	6
Increase in NPLs	(8)	3	(3)	2
Credit Cost (bp)	534	519	590	642
Liquidity				
Loan/Deposit Ratio	194	196	206	219
Liquid Assets/Short-Term Liabilities	16	21	24	29
Liquid Assets/Total Assets	3	4	4	4

Key Metric

Year to 31 Dec (%)	2025	2026F	2027F	2028F
Growth				
Net Interest Income, yoy Chg	1	2	3	2
Fees & Commissions, yoy Chg	2	5	14	15
Pre-Provision Profit, yoy Chg	2	2	7	7
Net Profit, yoy Chg	5	12	3	4
Customer Loans, yoy Chg	0	3	2	2
Profitability				
Net Interest Margin	13	13	13	13
Cost/Income Ratio	37	37	37	37
Adjusted ROA	7	8	8	8
Reported ROE	19	19	18	18
Adjusted ROE	19	19	18	18
Valuation				
P/BV	2	2	2	2
P/NTA	2	2	2	2
Adjusted P/E	12	10	10	10
Dividend Yield	7	5	6	6

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